

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 289 – HB 759

February 19, 2017

SUMMARY OF BILL: Defines a “group disability income protection policy” or “GDIPP” as a group short-term disability income protection policy or a group long-term disability income protection policy instituted by an employer that provides income replacement benefits to an employee unable to work for an extended period of time because of an injury or sickness and requires premium payments by the employee who is covered under the policy. Authorizes an employer to offer, and pre-enroll its employees in a GDIPP. Establishes requirements prerequisite to an employer offering and pre-enrolling its employees in a GDIPP. Requires an employer to provide an employee with notice and a reasonable time period for declining coverage under a GDIPP.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Based on information provided by the Bureau of Workers’ Compensation, a GDIPP will not remove an employers’ obligation to provide workers’ compensation. However, this bill may result in coverage of policies under a GDIPP substituting for coverage currently provided under a policy of workers’ compensation; any offset may result in no change in benefits received against what would have otherwise been received under workers’ compensation law.
- It is unknown how many employers will utilize GDIPPs in this state and subsequently, the number of employees that will participate in GDIPPs. However, it is reasonably estimated that any net change in total coverage, any net change in premium payments collected by insurance entities in this state, and any change in premium tax revenue collected by the state, will be not significant.
- Based on information from the Department of Commerce and Insurance, any increase in state expenditures related to regulation of GDIPPs is estimated to be not significant and can be accomplished within existing resources without an additional appropriation or a reduced reversion.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumptions:

- The number of employers in this state which will choose to offer and pre-enroll its employees in GDIPPs is unknown.
- It is assumed that companies will provide GDIPPs in the interest of reducing expenses incurred through the provisions of traditional workers' compensation premiums; however, it is reasonably estimated that any net change in premium payments collected by insurance companies in this state will be not significant.
- No significant impact to commerce or jobs in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb